Message Text

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FM AMEMBASSY WARSAW

TO SECSTATE WASHDC PRIORITY 5511

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BONN

AMEMBASSY LONDON

AMCONSUL LENINGRAD

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMCONSUL KRAKOW POUCH

AMCONSUL POZNAN POUCH

CONFIDENTIAL WARSAW 4815

E.O. 11652: GDS

TAGS: ECON EAGR PL

SUBJ: MEAT PRICES UP IN SPECIAL "COMMERCIAL" STORES BUT GOVERNMENT INSISTS NO OVERALL INCREASE IMMINENT

REF: WARSAW 4660 (NOTAL)

1. BEGIN SUMMARY. RUMORS OF AN INCREASE OF MEAT PRICES IN POLAND APPEAR TO HAVE BEEN BASED ON A DECISION TO RAISE PRICES FOR MEAT SOLD IN SPECIAL "COMMERCIAL" STORES. THIS INCREASE TOOK PLACE OVER THE WEEKEND OF JUNE 2 AND 3. GOVERNMENT OFFICIALS INSIST, HOWEVER, THAT NO OVERALL PRICE HIKE FOR MEAT IS CONTEMPLATED, AND ONE HIGH LEVEL SOURCE TOLD THE EMBASSY ON JUNE 6 CONFIDENTIAL

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THAT A DECISION NOT TO INCREASE PRICES BEFORE 1980 HAD BEEN APPROVED AT "THE HIGHEST LEVEL" OF THE POLISH GOVERNMENT. END SUMMARY.

2. RECENT, STRONG RUMORS IN THE WARSAW AREA THAT INCREASES IN MEAT PRICES ARE IMMINENT, AS REPORTED IN REF, HAVE TURNED OUT TO APPLY ONLY TO MEAT SOLD IN SPECIAL "COMMERCIAL" SHOPS,

WHICH SERVE AS A SAFETY VALVE FOR THOSE WHO HAVE ENOUGH MONEY AND DO NOT WANT TO WAIT IN LINE. PRICES IN THESE SHOPS WERE INCREASED SHARPLY OVER THE WEEKEND OF JUNE 3 AND 4. THESE PRICES WERE ALREADY ALMOST DOUBLE THOSE CHARGED IN REGULAR STATE STORES BEFORE THE JUNE 3/4 INCREASES.

- 3. A QUICK CHECK IN A WARSAW COMMERCIAL SHOP BETWEEN 12:00 AND 2:00 PM ON JUNE 6 SHOWED THAT THE OLD PRICE LIST HAD BEEN TAPED OVER, BUT NEW PRICES HAD NOT YET BEEN POSTED. ONE INQUIRY ON TWO STANDARD ITEMS REVEALED THAT PRICES WRE INCREASED ON ROAST BEEF FROM 81 ZLOTYS PER KILO TO 100 ZLOTYS/KG (UP 23 PERCENT) AND ON PORT FROM 106 ZLOTYS/KG TO 120 ZLOTYS/KG. THERE WAS, HOWEVER, VIRTUALLY NO MEAT AVAILABLE FOR SALE.
- 4. ACCORDING TO ANOTHER SOURCE, THE PRICE OF HAM IN SPECIAL "COMMERCIAL" SHOPS WAS RAISED FROM 150 ZLOTYS TO 280 ZLOTYS PER KILO (UP 86 PERCENT). THIS REPORT HAS NOT BEEN SUBSTANTIATED, HOWEVER.
- 5. COMMENT: WE HAVE ALSO HEARD RUMORS THAT THE GOVERNMENT WILL INCREASINGLY DIRECT QUALITY MEAT CUTS TO "COMMERCIAL" SHOPS. SUCH A POLICY WOULD FURTHER STRETCH THE GOVERNMENT'S CREDIBILITY WITH THE POLISH POPULATION, HOWEVER, AND WE DOUBT THAT THIS POLICY WOULD BE PUSHED TOO SEVERELY.
- 6. ACCORDING TO SEVERAL SOURCES, THESE PRICE INCREASES IN THE CONFIDENTIAL

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SPECIAL STORES HAVE BEEN LARGELY RESPONSIBLE FOR THE RECENT RUMORS OF A GENERAL RISE IN THE COST OF MEAT. BUT SUCH AN OVERALL INCREASE WAS FIRMLY DENIED ON JUNE 6 BY THE CHIEF OF CABINET TO VICE PERMIER PYKA. THIS SOURCE TOLD AN EMBASSY OFFICER THAT THE MARKET "IS VERY NERVOUS" AS A RESULT OF THESE RUMORS AND BECAUSE THE GOVERNMENT HAS NOT RELAYED THE TRUE STORY TO THE PEOPLE. HE INSISTED THAT MEAT PRICES WOULD NOT BE RAISED "BEFORE 1980" AND, IN RESPONSE TO A DIRECT QUESTION, SAID THIS WAS A POLICY DECISION TAKEN "AT THE HIGHEST LEVEL". END COMMENT.

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